



House of Representatives

General Assembly

File No. 438

January Session, 2003

House Bill No. 6094

House of Representatives, April 17, 2003

The Committee on Government Administration and Elections reported through REP. O'ROURKE of the 32nd Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING STATE CONTRACTS WITH CERTAIN COMPANIES THAT REINCORPORATE OUTSIDE THE UNITED STATES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective from passage*) (a) Not later than October 1,
2 2003, the Commissioner of Administrative Services shall develop, and
3 annually update, a list of publicly-traded corporations that (1) conduct
4 business in the United States, and (2) have reincorporated outside the
5 territorial limits of the United States where such reincorporation
6 results in a reduction of their federal or Connecticut tax liabilities. The
7 Commissioner of Administrative Services shall post said list on the
8 Department of Administrative Services' web site on the Internet.
- 9 (b) On and after October 1, 2003, no state agency may enter into or
10 renew a contract with any corporation that is on the list described in
11 subsection (a) of this section.

This act shall take effect as follows:
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Section 1	<i>from passage</i>
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GAE *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Admin. Serv., Dept	GF - Cost	Potential	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

This bill requires the Department of Administrative Services (DAS) to develop by October 1, 2003, and annually update, a list of publicly traded corporations that reincorporate outside the United States. The list must be posted on the DAS website. The bill also prohibits any state agency from entering into, or renewing, a contract with any company on the DAS reincorporated list.

As DAS does not currently perform this function, the bill will result in a workload increase. It is not known at this time how many publicly traded companies may reincorporate outside the U.S. in the future. Depending on the number of reincorporated companies, DAS may require an additional position (and associated support costs) to determine which companies have reduced their federal or Connecticut tax liability, develop a reincorporated companies list, publish the list on its website, and prohibit all state agencies from entering into, or renewing, contracts with reincorporated companies.

OLR Bill Analysis

HB 6094

AN ACT CONCERNING STATE CONTRACTS WITH CERTAIN COMPANIES THAT REINCORPORATE OUTSIDE THE UNITED STATES**SUMMARY:**

This bill requires the administrative services commissioner to develop, and annually update, a list of publicly traded corporations that do business in the United States, but reduced their federal or Connecticut tax liability by reincorporating outside of the territorial limits of the United States. She must develop the list by October 1, 2003 and post it on the department's Internet web site.

Beginning on that same date, the bill prohibits any state agency from entering into or renewing a contract with any corporation on the list.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Report

Yea 16 Nay 0